

## TRANSNATIONAL COMPANIES AND LOCAL COMMUNITIES: ASPECTS INFORMATIONAL INTERACTION

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The article deals with the phenomenon of ecological communication initiated by resource-producing companies with the aim of gaining loyalty of communities.

Due to a variety of objective factors connected with the peculiarities of Russian historic development, a new ethic of business affecting the environment is developing now. Spheres of social responsibility concerning ecology and preserving small native peoples are of public interest because they help producing companies to improve their effectiveness, increase their competitive ability, their reputation and image, and thus to get benefits from the state, additional investments and loyalty of communities.

In the article the contribution of transnational companies that produce and process resources, into the development and technological improvement of communication with local communities is assessed. Studying this problem seems important, because participation of companies in the establishing of communication in the conditions of economic risk has caused a range of its specific features and directions of its development.

In this article we characterize directions of interaction of transnational corporations with local communities; we examine the activity of an oil and gas company "Sakhalin Energy Investment Company LTD". We mention its purpose, its main communicative technology instruments, main personalities in the organizational process.

**Key Words:** ecology, environment, nature protection activities, ecological communication, ecological PE, transnational corporations, ecological risk, ecological crisis, PR, communicative technologies, local communities, stakeholders.

### 1. INTRODUCTION

Evolution of ecological communication between resource-producing business and local communities in this or that country at a given period is determined by three main factors: presence or absence of the company on the world market, number of competitors and level of ecological culture of the company's top manager.

At the intersection point of these factors, as in the case of any narrowly specialized sphere of public relations, specific features of the market are the most important. World market has its strict conditions, which cannot be ignored. First of all, we mean a program of international ecological standardization, from which ecological communication begins. The second and third components stimulate

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companies to develop and support ecological communication throughout their existence. That is why the question of interaction of its separate participants (the subject and its stake holders) becomes the main question for the following research of communication in the conditions of ecological risk.

There is a variety of Russian and foreign research works on the phenomenon of ecological communication in Russia and other countries of the world (Yanitsky, 2012; Cox, 2010; Chapman, 1997; Lewis, 2003; Zakharova, 2008; Kokhanova, 2007; Molchanova, 2002; Vladimirova, 2001; Khudorenko, 2005 et al.). Most of the authors agree that the organizational system for data support of nature protection and ecological communication is formed by a company depending on a range of reasons: the type of market presence, the competitive environment, socio-economic conditions, level of technology development, ecological culture of the society in general and company workers in particular, number and qualification of specialists in communication, ecological situation in the region and level of ecological stress in the local community.

## **2. METHODS**

In this work the choice of a methodological base is determined by the problematic and the subject of the research. The problem of understanding of the processes of development of a two-side communication between a resource-production company and the local community in the situation when the topic is not examined well enough, demands getting acquainted with primary sources.

Corporative documents, regulating communicative activities of a company (in our case it is 'Sakhalin energy Investment LTD', an oil and gas company), analytic reports and data of sociological research from 2012 to 2016 are analyzed in this research on the basis of principles of objectivity, systematic character of studies, unity of logical and historic approaches.

In this research empiric data is analyzed on the basis of principles of objectivity and systematic character of studies. The methodological basis of this work is comparative historical analysis to track the dynamics of development of ecological communication between transnational companies (TNC) and local communities. In particular, this method is used to analyze forms of participation of local communities in making business more ecological, and the history of communication of TNC and stakeholders.

## **3. RESULTS**

Beginning to realize another project in Russia, a large resource producing and resource processing business nowadays faces the problem of lack of loyalty of the local community. There are two reasons for it. First, people are used to consider the resources of their area as their "property", and when these resources are brought away from the region, it means outflow of finance from the local budget. People

see themselves “robbed” and perceive companies that have come to their territory, as “foreign invaders”. Secondly, local communities become prone to ecological fears, as activities of the company and their impact on the environment are closely connected with threats to their health and lives. In this case the main forces, oppositional to TNC, are green activists who are usually supplied by competing companies with finance, informational and human resources. Their actions, from pickets and attacks on derricks to nomination of their representatives for political elections, are firstly directed at competitive struggle with corporations, and just secondly at the liquidation of an ecological danger. The second reason means that local people are an obedient instrument in ecopolitic and information struggle. This fact makes business react to the corresponding social request, introduce corporative social politics, and conduct an informational campaign for a media coverage of its actions.

The “ecology card” is now a kind of an argument in a geopolitic game. The community being “dissatisfied”, stuffing information about the harm of ecological projects are just a part of information strategy of political actors taking part in the development of today`s world. This topic has been touched upon in the works of S. Nikonov (Nikonov, 2015), P. Bekurov (Bekurov, 2015), N. Laboush (Laboush, 2015).

In this article we are going to consider activities of transnational companies (TNC), the largest firms (or units of firms of different countries), that have capital investments abroad and influence some sphere (or several spheres) of economy on a global scale (Milner, 2000). The main specific features of TNC are: selling its products abroad, opening branch offices abroad, having foreign shareholders (Vladimiriva, 2001). If a company has only one of these features, it can be regarded as a TNC. An enterprise of such a scale has a greater influence on the environment in the global sense, that is why considering PR-activities of TNC in the sphere of interaction with local communities seems us the most interesting science trend.

Formation of new business ethics, of a new corporative culture is going on now. Spheres of social responsibility in ecology and in preserving local small peoples arouse public interest, because they help companies to make their work more effective, become more competitive, boost their reputation and image, and thus to get benefits from the state, additional investments, and loyalty of the society. To solve these tasks, specialists use various technologies, directed at forming and sustaining an effective interaction with local communities that are one of the interested parties. In the context of this article, we call interested parties people or groups, who are interested and directly influenced by the company`s activities, or have a possibility to influence it. They will be subdivided into two main large groups: the inner community and the outer community.

The outer group is subdivided into two groups according to the principle “those, who are exposed to ecological risks” (population, small native peoples, the green

movement, non-governmental organizations, scientific circles, mass media) and “those not exposed to ecological risks” (partners, investors, fundraisers, fuel consumers, authorities, competitors). We call the possibility of negative changes in the environment or consequences of these changes after a negative anthropogenic influence, ecological risks (Molchanova, 2002).

The inner group is subdivided according to the principle “the most interested in financial gains, absolutely loyal” (shareholders; the top-manager) and “loyal, but exposed to outer influence” (office workers, factory workers). But in practice TNC themselves define their stakeholders with less differentiation and not taking the inner communities into consideration. Thus, Sakhalin Energy Investment Company LTD”, that is developing the Piltun-Astokhskoye and Lunskeye fields on the north-east shelf of Sakhalin, since 1992 has been sharing information about its activities and counseling the interested parties (Plan provedeniya informatsionnykh kampaniy, 2010) in such projects as: towns, that are immediately influenced by the work done according to the project, vulnerable groups (native peoples), interested parties in Japan (Hokkaido island), non-profits and other non-governmental organizations (local, regional, international) academic institutes, funds. Vulnerable groups in the population, according to the opinion of the PR-specialists of the company, are the following categories of people: physically challenged people and their caregivers, low-income families, unregistered land users, herders and their families, native peoples, children, migrants, elderly people and war veterans, single women having children under 18.

It is not easy to conciliate opposite interests of business and of the community, and the role of a PR-specialist is to achieve a compromise between them (Kohanova, 2007). His/her task is to integrate opinions of different participants of a difficult situation and help to choose a social technology that will be able to assist in solving problems of environmental protection and preserving small local peoples. Modern standards demand that in carrying out big projects business should pay special attention to prediction of social risks and minimizing potentially negative consequences of industrial exploration. There have been cases when realization of multi-million projects was frozen because of rejection of communities. That is why it is so important to develop a policy of maximal openness a partnership with all interested parties from the very first stages of realization of projects.

In their activity today’s TNC keep to principles of transparency and open interaction, according to which their approaches to those interactions are developed. “Sakhalin Energy” gives the following characteristics of interaction with interested parties according to the above mentioned principles. 1) Interaction must be constructive, purposeful and open, it should cover and include a range of opinions and interests, to the extent it is possible and realizable. 2) Interaction should be aimed at establishing strong positive communications with the population and other stakeholders, so as to provide effective mechanisms for sharing opinions concerning

identified problems and ways to solve them by the company, and for creating conditions under which questions provoking concern are brought to the attention of the company and solved in time. 3) Interaction must be fixed in documents, and the corresponding notes or general reports should be published when it is possible, with the exception of cases, when it is private information on separate persons.

Developing relations with local communities is regulated by a range of corporative, federal and international documents. The main document here is the Strategy of interaction, which is at the first stage formed according to the results of complex monitoring of the socio-economic situation in the region, and in the following years of the realization of the project it is formed under the influence of information received from the community by means of public consultations, hearings, and other PR events.

Besides the Strategy, and in addition to the feedback from interested parties, the corporation should comply with the legislation of the Russian Federation in terms of consultations (Prikaz ot 7 iyulya 2015 g. <sup>1454</sup>), and with international norms. So, in its information activity “Sakhalin Energy” follows The Aarhus Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters (Razbash O., 2002) and the Convention on Environmental Impact Assessment in a Transboundary Context (both not ratified in Russia). “The Company admits the importance of these conventions and tries to correspond to the spirit of these documents to the extent it is possible for a private company” Plan provedeniya informatsionnykh kampaniy, 2015).

The next stage of development of the policy of interaction with local people is planning. The main role here is played by the Schedule of Information Campaigns and Consultations in Communities. “Sakhalin Energy” has developed such a plan in accordance with the memorandum of the International Finance Corporation of the group of the World Bank Group. Such a plan includes description of programs and projects of informing the local community and organizing consultations with it. The information must be subdivided into the following blocs: a short description of the project; general information on legal requirements and international directives concerning information companies; description of stakeholder groups; description of the company’s work and the results of its work with the community; description of the role of specialists on connections with the community; description of the mechanism of grievance procedures; contacts. Just like the Strategy, the Schedule is a “live” document, that is periodically revised, because of the monitoring of the company performing its duties.

There are mechanisms and methods of informational influence corresponding to each group of stakeholders. Thus, local media (regional and district newspapers, television and radio) inform the towns that are on the territory of the corporation’s activity. Meetings of representatives of the company with representative of the

administration, social services and community leaders are held; the company office has reception hours for people of the community; there are special information centers with information boards, access to the Internet and printed materials on the project and the activities of the company, with consultants and a hot line. Population is informed through the use of public places (libraries, schools, document centers, railway stations and airports), distribution of leaflets and brochures, public consultations and meetings with technical specialists and the administration of the company.

Special attention is paid to such a means of communication, as the company's website on which information for mass media is posted (that is, news, press releases, a library of accounting documents, issues of the corporative TV-program, issues of the corporative paper, photo archive, etc.). There is information for ecologists (reports on how ecological policy is pursued, results of public hearings, virtual excursions, projects for the protection of rare animals, a calendar of ecological activities, etc.) and for local people (social programs, human rights, reports in the activities of the company in realization of projects, infrastructure development, procedures of handling complaints, possibility of taking part in international programs, etc.) As we can see, tasks of PR-specialists include prevention of possible problems and handling actual problems and complaints, informing the community about the activities of the company, the procedure of handling complaints, safety rules, possibilities of getting a job, etc.; also providing operative interaction with the administration, consulting the community people on social programs and grant projects, and their maintenance.

Working with people who do not live on the territory of TNC, PR-specialists organize meetings of the company's technical specialists with community leaders, consultations in the framework of the Program of assessment of influencing the social sphere, reception hours of specialists, placing informational materials in common areas (libraries, clubs, post offices, etc.), information boards, regional and district newspapers, and the web-site.

Working with the small local peoples, the company develops connections at meetings and consultations in the framework of the Plan of making for development of local small peoples. PR-department organizes and holds various events in the framework of the Program of development of peoples, prepares and distributes quarterly brochures, forms and realizes media-plans to cover the events held for local peoples. Work with other interested parties is planned with regard to their characteristics. So, establishing relationships with stakeholders from Japan, "Sakhalin Energy" uses such means of communication, as meetings, presentations, sharing information in libraries and the web-site; it also includes their representatives in expert and work groups. Non-profit, non-governmental organizations are addressed through the web site, individual appointments and correspondence.

Working with mass media, the service traditionally uses press releases, the web site and special events. For example, “Sakhalin-Energy has a separate block for mass media workers, “Media-Center” that includes daily news, press-releases, a library of accounting documents, issues of the corporative TV program and the corporative newspaper, the photo archive, etc. Besides all this, the company willingly holds individual appointments with journalists, media briefings, interviews, press tours and media visits.

Local project executors are also local community members (workers, who are employed in the region of resource producing and resource processing). Realization and exploitation of big projects especially in the sphere of oil and gas production, demands special attention to safety measures, ignoring which can lead to people’s deaths, destroying ecosystems and finance losses. Besides the maximal safety of the personnel, the aim of the publicity campaign is to achieve high (according to the world standards) levels of labor protection. The aims of the PR department in this sphere are: changing the attention of the workers to the safety rules, development of understanding of their importance, introducing and spreading safety rules among all workers, improvement in the sphere of labor safety in the company (Sharkova, 2011).

The target audience consists of company workers, contractor organizations and object visitors (shareholders, mass media, controlling organizations). Interviewing workers helps to find out the most effective ways of communication. The most effective (approved) ones are personal talks with the administration, handout material, presentations, discussing issues in teams, mailing, staff meetings, bulletin boards, monthly rewards for achievements in the sphere of labor safety, intranet, news screen, “safety days”, posters and leaflets, the corporative newspaper and the corporative TV program. Very important are corporative events aimed at creating favorable conditions for the company’s activities by development of the workers’ and their families’ feeling that they are involved into the processes of company projects development, pride for the achievements industry sector. Professional festivals make for it. Workers and their families, administration and media workers and communities are invited to celebrate them. Celebrations can consist of several events: festivals for children, sporting events, photo competitions and photo exhibitions, ceremonial concerts and fireworks. The events are supported by an advertising campaign.

We have named the main directions of PR interaction of a TND with local communities. But special attention should be paid to what kind of specialists are in charge of them. Each department dealing with communication and consisting of several tens of people, is headed by a person, who does not only control the plan fulfillment, but also works with top-managers and shareholders. Sections of the department are subdivided according to the inner or outer direction of their work. The direction of inner communications includes editorial boards of big corporative

media, the department of organization of corporative events, the department of polygraphic and souvenir production. The outer direction includes departments scientific-production associations, the administration and the regulatory authorities, the press-center, web-site, the department working with charity projects and funds, the department of relations with the public.

Several departments play key roles in the interaction of this structure with the community. Thus, in “Sakhalin Energy” this function is performed by the department of social activities and the department of informational and organizational support, and information centers in village and district libraries. Each department is headed by a director, to whom the main specialist and specialists of the department according to its direction (work with the community, with local peoples) are subordinated. According to the official duties, the head of the department of social activities, rules and controls the activity of information centers, preparation and handling consultations with representatives of local peoples. He/she also controls preparation and handling consultations in the framework of preparing reports on stable development of the company, the activities in considering people’s complaints, handling consultations in the framework of assessment of social influence and monitoring. The head of the department of informational and organizational support has to rule and control the posting of open information on the company’s web-site, annual meetings with the community, informing stakeholders about safety rules, handling consultations in the framework of assessment of influence of the development projects, etc.

#### **4. DISCUSSION**

From the beginning of the two thousand years, more and more corporations, whose activities affect the environment, think of their social and ecological responsibility. However, the numerous ecological and socially oriented projects are based not only on noble ideas. Entering the world market makes TNC follow world standards, including the informational ones.

When a large business begins to develop a new project, it faces the problem of the local community not being loyal to it. People are concerned about their health and their lives, and their ecological fears make them seek help and address the green movement, that is naturally an opponent of TNC. That is why business has to react to such requests, elaborating and introducing some corporative ecological policy and begin a maximally open informational campaign to tell the community about all its actions.

Ecological communication is initiated by a resource producing company, and it is expected to be bilateral and symmetrical. Based on monitoring of the socio-ecological situation in the given region, a strategy of interaction is developed. It is important that this strategy should be based on documents that regulate the participation of the community in decision-making and control. Then the strategy



is embodied in a long-term plan that is realized with the help of various PR technologies. Specialists in public relations and workers of important public places carry this plan out.

Both Russian and foreign researches have this or that way touched on the topic of ecological communication (Yanitsky, 2012; Cox, 2010; Chapman, 1997;2003; Zakharova, 2008; Kokhanova, 2007; Molchanova, 2002; Vladimirova, 2001; Khudorenko, 2005; etc.). The phenomenon has been examined fragmentarily, usually in the context of ecological policy, economic theory or mass communications. Ecological communication with local communities has not been examined yet.

The evidently fragmentary and scrappy nature of the available data makes us examine more carefully the role and participation of local communities as an important factor of making resource producing business more ecological. The modern development of the movement for protection of local small peoples of the North, together with successful and unsuccessful projects aimed at their preservation in the context of social responsibility of TNC is a separate subject for future research.

## 5. CONCLUSION

Modern TNC fully understand their responsibility to those, on whose territory they carry out their ecologically dangerous activities. Companies consider it just, that for the resources they get they pay the local communities with an improved infrastructure, social programs, working places and taxes to the local budgets. Attention to the interested stakeholders demonstrates not only the variety and scale of the programs that are being realized, but also the scale of the organization of the process (the number of departments working with stakeholders, the amount of informational production; also the amount of permissible mechanisms and instruments of influence, and the quality and quantity of information campaigns). The gas and oil company “Sakhalin Energy” is a demonstrative example. It has been working on Sakhalin since 2009, and it has succeeded not only in realization of several resource production projects, but also in developing an effective dialogue with the local communities and other stakeholders. Practice shows that a business is successful, if it can competently work with vulnerable groups in the community, with a constant monitoring of the situation, planning and concerning the feedback data.

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